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Trends in Company Vacation Policy¹

A FEW YEARS AGO a rather well-defined distinction existed in most industrial companies between personnel policies applying to salaried employees and those affecting the wage earning force. There were commonly accepted reasons why each group enjoyed certain privileges not extended to the other. In recent years, however, there has been a tendency for the distinctions to become less sharp, if they were not obliterated, as the policies affecting each group have drawn closer together. This has been due in part to requirements laid down by legislation, in part to the success of wage earners in securing advantages that they desired, and in part to the more widespread attention given by company managements to the development of carefully planned and coordinated personnel policies. For example, the rank and file salaried employee now generally receives payment for overtime work on the same basis as the factory worker, and the factory worker frequently enjoys the vacation privilege on much the same basis as the office employee.

Salaried employees in most industrial establishments have long enjoyed the benefit of an annual vacation with pay, but until comparatively recently the extension of this privilege to wage earners was rare. Now, however, the rapid growth in prevalence of paid vacations for wage earners has become one of the notable developments in personnel policy. A survey of the personnel activities in 2,700 representative business establishments during 1939² showed that 1,254, or 46.4%,

now have vacation plans for hourly paid employees. This is in marked contrast to the situation shown in a similar survey in 1935, when only 17.9% of cooperating companies reported this policy. These figures indicate that the proportion of establishments granting paid vacations to wage earners increased approximately 160% within a period of four years. To bring its information on company vacation policy up-to-date, THE CONFERENCE BOARD has just completed a re-study of the subject to include 1939 experience and intended policy for 1940.

RECENT DEVELOPMENTS

The rapid growth of this activity has not been confined to any particular industry nor to establishments within any particular size grouping. While improvement in business conditions possibly made the adoption of vacation plans more feasible for management, increased earnings have neither been certain nor great enough to be the only cause for so extensive a change in policy. Employee and public relations have assumed added importance in the minds of industrial executives, with the result that more careful attention has been given to working conditions and to the desires of employees. Requests for vacations have come from individual employees and from labor organizations, and probably no other single feature of personnel policy has made so strong an appeal to workers. Consequently, many of the new vacation plans have been negotiated through collective bargaining, and are now incorporated in principle, if not in detail, in union agreements.

The business recession during 1938 forced some establishments to suspend or curtail plans, although few

¹A digest of a report under the same title published by THE CONFERENCE BOARD in April, 1940, entitled *Studies in Personnel Policy*, No. 21, based on information furnished by 495 companies employing 1,058,050 wage earners.

²THE CONFERENCE BOARD, *Studies in Personnel Policy*, No. 20.

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companies abandoned their vacation policy indefinitely. One result, however, was that many companies revised plans to meet conditions which arose from reduced operations and irregular employment. This development indicates a rather new attitude on the part of management with respect to the purpose of a paid vacation. Many of the older plans were adopted as a method of rewarding employees for long and faithful service, but in an increasing number of companies, vacations are assuming the status of an earned right rather than a privilege. The purpose of a paid vacation, moreover, can hardly be for a needed period of rest and relaxation if employees have suffered layoffs and reduced working schedules during the year. Under such conditions, the vacation plans have been continued by some companies in order to supplement workers' earnings, and management merely considered the action an indirect wage increase. A number of establishments now offer employees the option of remaining at work and receiving their vacation allowance in addition to regular pay, although this policy found little favor in former years.

Vacation plans for wage earners on a large scale have not only been recently inaugurated or reestablished, but they have been liberalized in many companies to make it possible for a larger proportion of the working force to receive vacations. Estimates of the proportion of wage earners that would be eligible this year were made by 468 of the plants surveyed during the past two months. One-fourth of these reported that all workers will be eligible; in over one-half the proportion varies between 80% and 99%; and in less than one-fourth, the proportion is 79% or under.

One out of every ten of the 495 cooperating companies reported that changes in the vacation plan have already been made or are being considered for 1940. Many changes reflect a major revision in company policy, but a few are minor adjustments of procedure which normally occur in the development of any activity.

Vacation policy is intentionally made as flexible as possible in a number of plants, particularly where this policy is incorporated in labor agreements. In order to meet changes in business conditions, it is almost essential that management have full control over eligibility requirements and the time when vacations may be taken. However, to establish general policy on a consistent basis, some companies now use a regular formula each year to determine how much vacation, if any, is to be given. In one company, the number of days given varies according to net earnings; in another, the amount depends upon the per cent of capacity at which the plant operated during the year; and in a third, vacation policy is determined according to the recent market price of its product. As paid vacations become more firmly established as a permanent policy, it may be nec-

essary for more companies to develop some formula which will simplify their problem.

As a larger number of workers have become qualified for vacations, many executives have found new problems to solve in the operation of their plans. The cost of vacations, instead of being a kind of bonus expense in good years, must be considered a part of the annual direct labor cost. This places added importance on the provisions of plans that cover eligibility, vacation pay and time of the vacation period.

ELIGIBILITY

An employee is qualified to receive a vacation, in most companies, depending upon his length of service, and plans generally require that service must be continuous. Although definitions of continuous service vary somewhat between companies, most statements clearly show that service records are broken by resignation, discharge for cause, loss of seniority, or by any separation of one year or longer. The greatest variation in policy is with respect to breaks in continuous service caused by layoffs, sickness and other reasons beyond the control of employees. Some plans specify that employees shall not be eligible if such absence exceeds a certain number of days—the number ranging from 30 days in some companies to 180 in others. Many establishments entirely disregard causes of temporary absence, but require only a certain number of hours, days or months of active service which may be cumulative rather than consecutive during the year. These companies, in determining the length of vacation, prorate the normal allowance on the basis of time actually worked. While in effect this means that an employee receives as much vacation as he has "earned" during the past year, some companies also try to give further recognition to those having long service records. An example of how one company does this is as follows: Employees are granted one-half day of vacation for each 208 hours worked during the year, or if they have worked full time (2,080 hours), they receive 5 days' vacation. In addition, employees are granted one day for each year they have been employed by the company to a maximum of 5 days.

VACATION PAY

Of the 210 companies which provided information on vacation pay for THE BOARD'S 1939 survey, 60% reported that employees were paid their regular weekly rate or a sum based upon the regular hourly rate at the normal schedule of hours. Different methods are used to calculate vacation pay in some companies because employees' earnings vary greatly during the year or even from week to week. In over 30% of the plans analyzed, it was found that the allowance is based on average hourly, weekly, or annual earnings. When pay is based on hourly earnings, the average is computed

over a relatively short period, usually two weeks or a month, and the average hourly rate is multiplied by either the average hours worked during the same period or by the normal hours of the employee's work schedule. When vacation pay is based on weekly earnings, the average is calculated on a longer period of time, in most cases twelve months. Only a few establishments reported that vacation pay is based on annual earnings, but the practice appears to be growing more common. Those using this method generally grant employees 2% of their annual earnings for a one week vacation, or 4% for two weeks. Four out of five of the companies reported that workers receive their full allowance in advance of their vacation period.

VACATION SEASON

Maintaining efficiency during the vacation season has become more difficult in some plants owing to the increased proportion of workers eligible for annual vacations. Some companies normally find that at a certain period of the year production can be stopped without interfering with service, and all vacations can be taken during a plant shut-down. Many organizations, however, by the very nature of their service, must be continuously operated, and individual vacations must be staggered according to a definite schedule during the vacation season. Of the 210 companies which reported their practice in 1939, all those in the non-manufacturing industries had staggered vacations. One company out of every five in the manufacturing industries reported an annual plant shut-down, but the vacation plans of twenty-one other establishments provided for a shut-down at the option of management.

The problem of scheduling vacations, when they must be staggered, has naturally increased as plans have been liberalized. The solution for most plants has been, therefore, to spread the vacations beyond the regular summer season. Over one-half of the 210 companies indicated that in 1939 the vacation period extended over six months, and in many plants it is now the practice to schedule vacations throughout the entire year. All changes affecting the vacation season which were reported for 1940, lengthen the period during which vacations may be taken. Two companies report that this year salaried employees will be granted additional days off with pay if the vacations are completed prior to the summer months, which in their case are normally the busiest season. Less than 1% of the companies permit an employee to receive an extra day with pay when the vacation period includes a holiday, but some plans contain provisions allowing workers additional time off without pay with management's approval.

TYPES OF PLANS

In analyzing the provisions of vacation plans, it is most convenient to divide them into two kinds, uniform

plans and graduated plans, the classification indicating the general basis upon which service requirements and vacation allowance are determined. The length of vacation, under a uniform plan, is the same for all employees that can meet the eligibility requirements, and no additional allowance is given to those having longer service records.

A graduated plan provides different lengths of vacation to qualified employees, the amount being greater for employees having longer or more continuous service. In some plans the service requirements are established arbitrarily, and in others they are based on the sliding-scale principle. In companies where the vacation must be taken during a plant shut-down, the vacation pay, rather than the length of vacation, is sometimes graduated.

PLANS FOR WAGE EARNERS

Of the 495 plans for wage earners, the maximum amount of vacation granted is one week in 57% of the companies, over one week in 42%, and less than one week in only 1%. Three weeks' vacation or more is granted to wage earners with long service records in twenty-one, or 4.2%, of the establishments.

Uniform plans were reported by 229 companies and graduated plans by 266. The typical uniform plan, used by 113 of the 229 companies, provides a vacation of one week to workers who have completed one year of service. In eighty-five others, one week's vacation is also granted, but the service requirements range from "any service" to twenty years, as shown in Table 1. Five uniform plans allow less than one week's vacation after service of one year or more, although in twenty-two plants a two-week vacation is granted after service of one year or less.

TABLE 1: SERVICE REQUIREMENTS AND LENGTH OF VACATIONS FOR WAGE EARNERS PROVIDED IN 229 UNIFORM-TYPE VACATION PLANS

Service Requirements	Vacation Allowance				Companies	
	2 to 4 Days	2% of Earnings	1 Week	2 Weeks	Number	Per Cent
Any service.....	...	3	5	3	11	4.8
1 to 3 months...	...	1	5	...	6	2.6
6 to 11 months...	...	...	23	2	25	10.9
1 year.....	2	...	113	17	132	57.7
1½ to 3 years...	3	...	29	...	32	14.0
5 years.....	...	...	22	...	22	9.6
20 years.....	...	...	1	...	1	0.4
TOTAL.....	5	4	198	22	229	100.0
Per Cent.....	2.2	1.7	86.5	9.6	100.0	

The kind of plan used does not necessarily indicate the relative liberality of the vacation policy, but graduated plans are generally more liberal. Their chief feature is that they may be adjusted, in many respects, to the particular needs or policies of the individual

company, and their greater flexibility accounts for the wide variations which appear in their provisions.

The service requirements and the minimum and maximum length of vacation provided by 266 graduated plans are shown, in condensed form, in Table 1. The minimum vacation allowance is one day or less in over one-fourth of the plans, and, in most of these, employees with service of less than one year are eligible. The minimum allowance is one week in 138, or over one-half of the plans, the service requirements being one year in most cases.

TABLE 2: SERVICE REQUIREMENTS AND LENGTH OF VACATIONS FOR WAGE EARNERS PROVIDED IN 266 GRADUATED-TYPE VACATION PLANS
A. MINIMUM REQUIREMENTS AND ALLOWANCE

Service Requirements	Vacation Allowance			Companies	
	1 Day or Less	2 to 4 Days	1 Week	Number	Per Cent
Under 1 year.....	38	23	17	78	29.3
1 year.....	29	22	78 ^a	129	48.5
1½ to 5 years.....	4	12	43	59	22.2
TOTAL.....	71	57	138	266	100.0
Per Cent.....	26.6	21.5	51.9	100.0	

^aIn 1 company, 2 weeks.

B. MAXIMUM REQUIREMENTS AND ALLOWANCE

Service Requirements	Vacation Allowance			Companies	
	1 Week	2 Weeks ^a	3 Weeks or More	Number	Per Cent
1 year or less.....	30	24		54	20.3
2 to 4 years.....	18	40		58	21.8
5 years.....	27	47		74	27.8
6 to 10 years.....	5	40	5	50	19.9
11 to 30 years.....		14	16	30	10.2
TOTAL.....	80	165	21	266	100.0
Per Cent.....	30.1	62.0	7.9	100.0	

^aIn 3 companies, 1½ weeks

A wider variation is found in the requirements of plans which entitle workers to the maximum vacation. The length of service ranges from less than one year to as much as thirty years, but in 186 of the 266 companies, or approximately 70%, the maximum is granted before or at the completion of five years' service.

The maximum length of vacation is two weeks in over 60% of these plans, one week in 30%, and three weeks or more in about 8%. All companies granting three weeks require at least ten years of service to qualify. In five of these, female workers are eligible after fifteen years, but males not until after twenty years. In three others, it was reported that the third week is granted at five-year intervals, after a certain amount of service, rather than each year.

No indication was found that size of an establishment, in itself, has any bearing on the liberality of the

vacation plans for wage earners. There appears, however, some tendency for companies in the same industry to have more or less the same general service requirements and to grant similar amounts of vacation. A summary of the provisions of plans for wage earners, according to type of industry, is contained in the text of the full report.

PLANS FOR SALARIED EMPLOYEES

Data regarding vacation plans covering salaried employees were furnished by 356 of the 495 companies which contributed information on plans for wage earners. Although policies affecting salaried workers have undergone some revision during the past few years, the extent of change has been relatively small. The proportion of companies reporting vacation plans for salaried employees, however, has increased about 17.5% from 1935 to 1939, according to THE CONFERENCE BOARD'S recent survey of personnel activities.¹

The maximum vacation given to salaried employees by the 356 companies was reported as follows: one week in 32, or 9% of companies; two weeks in 304, or 85.4%; three weeks in 15, or 4.2%; and over three weeks in 5, or 1.4%.

A uniform type of vacation plan for salaried employees is being used by 152 companies, and a graduated plan by 204. The typical uniform plan, reported in 100, or approximately two-thirds of the 152 companies, provides a two-week vacation to employees that have completed one year of service. In twenty-seven other establishments, a two-week vacation is granted, but the service required ranges from "any service" in fourteen companies to five years in one company (Table 3).

TABLE 3: SERVICE REQUIREMENTS AND LENGTH OF VACATIONS FOR SALARIED EMPLOYEES PROVIDED IN 152 UNIFORM-TYPE VACATION PLANS

Service Requirements	Vacation Allowance		Companies	
	1 Week	2 Weeks	Number	Per Cent
Any service.....	1	14	15	9.9
3 to 10 months.....	4	11	15	9.9
1 year.....	17	100	117	76.9
2 years.....	2	1	3	2.0
5 years.....	1	1	2	1.3
TOTAL.....	25	127	152	100.0
Per Cent.....	16.4	83.6	100.0	

In twenty-five, or 16.4%, of the 152 uniform plans, salaried employees are granted a vacation of but one week.

The minimum and maximum service requirements and length of vacations for salaried employees in 204 graduated plans are shown, in condensed form, in

¹Studies in Personnel Policy, No. 20.

TABLE 4: SERVICE REQUIREMENTS AND LENGTH OF VACATIONS FOR SALARIED EMPLOYEES PROVIDED IN 204 GRADUATED-TYPE VACATION PLANS

A. MINIMUM REQUIREMENTS AND ALLOWANCE

Service Requirements	Vacation Allowance				Companies	
	1 Day	½ Week	1 Week	2 Weeks	Number	Per Cent
Any service....	1	1	21	1	24	11.8
1 month.....	45 ^a	...	1	...	46	22.5
2 to 6 months...	2	8	74	2	86	42.1
1 year.....	1	...	39	4	44	21.6
2 years.....	...	...	4	...	4	2.0
TOTAL.....	49	9	139	7	204	100.0
Per Cent.....	24.1	4.4	68.1	3.4	100.0	...

^aIn 4 companies, ½ day

B. MAXIMUM REQUIREMENTS AND ALLOWANCE

Service Requirements	Vacation Allowance				Companies	
	1 Week	2 Weeks	3 Weeks	4 Weeks or More	Number	Per Cent
6 to 9 months...	2	15 ^a	...	...	17	8.4
1 year.....	4	113	1 ^b	...	118	57.8
2 years.....	...	27	...	...	27	13.2
3 to 6 years....	1	19	1	...	21	10.3
10 years.....	...	3	4	...	7	3.4
15 to 25 years...	...	...	9	5	14	6.9
TOTAL.....	7	177	15	5	204	100.0
Per Cent.....	3.4	86.8	7.3	2.5	100.0	...

^aIn 1 company, 3 additional days given if vacation is completed before June 30

^bIn 1 company, 3 weeks allowed if taken in winter, otherwise 2 weeks

Table 4. The two plans reported most frequently have the following provisions: (1) One week after six months' service, and two weeks after one year; and (2) One day for each month of service to a maximum of two weeks after one year.

Over three-fourths of the graduated plans provide some vacation to employees having six months' service or less. The most common amount given as a minimum vacation is one week, as reported by 68.1% of the companies. The maximum vacation is two weeks in 86.8% of the companies and this is given in most cases at the completion of one year's service. Salaried employees are given more than two weeks in twenty, or nearly 10% of the 204 establishments. In two of these, the additional days are permitted if the employee completes his vacation before the summer season. In two other companies, the third week is given only at five-year intervals, or on anniversary years.

Although the vacation policy for salaried employees is usually more liberal than that for wage earners, in seventy establishments the plan is the same for all employees. In eighty-three other establishments the maximum vacation is the same for both groups, but service requirements are longer for wage earners before they can receive the maximum. The amount of additional service required of wage earners before their allowance equals that granted to salaried employees ranges from one to twenty-four years. In 203 companies, wage earners under present policies never receive as much vacation as salaried employees, regardless of service.

* * *

Not only have company vacation plans which include wage earners greatly increased in number during the last few years but there has also been a noticeable trend toward a progressive liberalization of their provisions. In fact, it seems probable that standard vacation plans with substantially similar provisions for both factory and office employees may eventually become common. Many administrative problems will need to be worked out, however, before that point is reached.

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Decentralized Operation and Foreman Training

THE INCREASING INTEREST in the development of effective techniques for training supervisors in geographically scattered plants led THE CONFERENCE BOARD to talk the problem over with a company that has had a rich experience in this field. The Armstrong Cork Company, organized in 1860, has always followed a pattern of decentralized operation. Today, its production organization in the United States is made up of nineteen manufacturing units located in fifteen different cities. The plants vary in size from

fifty to twenty-three hundred employees, manufacture products that range from linoleum to glass bottles and are all characterized by their harmonious industrial relations.

As the representatives of the Central Personnel Department talked with us, they constantly stressed the necessity of designing training programs to fit any company's operating conditions. So, in answering our questions in the following interview, they are neither championing nor recommending, but simply discussing

publicly a method that has demonstrated its worth to Armstrong Cork by raising the level of effectiveness of the supervisory group as a whole

Why is the problem of training foremen in scattered plants any different from supervisory training in one plant?

There is no difference if the training organization is completely decentralized and each plant uses its own methods, designs its own material and has its own leaders.

You mean your training is not decentralized? I should think each plant's supervisory problems would be unique because of the variations in product, size and local conditions?

That is true, and for just that reason part of our program is on a decentralized basis. But you must remember that a large percentage of the work of all our foremen is similar. They all represent the same company and in their daily work have to interpret the same policies to their departments. Much of the training can be the same for all the production units. In addition, we felt that there were definite disadvantages to complete decentralization of supervisory training.

Can you illustrate that?

When a foreman lives entirely within the horizons of the local unit, he becomes, very naturally, a foreman of the plant instead of a foreman of the company. He evaluates every question in terms of its relation to local operations and so is unprepared to understand the thinking of company executives who must consider problems in the light of the entire company's needs. His pride and his loyalty are naturally in his plant, since he is largely unfamiliar with the rest of the company. He tends, under completely decentralized training, to be more of a plant foreman than an Armstrong foreman.

Then, too, we found that the isolated groups might be solving the same problem by as many as twelve different methods. Inspection showed that some techniques were more effective than others. By trial and error each group was feeling for the right way and some had made more progress than the rest on one particular phase of the work. On supervisory methods as a whole, each had something to give and a lot to learn. In other words, we had within our company more effective supervisory thinking than we were using in any one plant.

I see, but did you then centralize all your foreman training?

No, we wanted our men to be both company and plant supervisors, so we tried to combine the values of centralized and decentralized personnel development programs.

How were you able to do both?

Our supervisory training procedure is a combination of three different types of programs. Perhaps the story

will be clearer if we think first about our continuous training, then talk about the initial training and the home office visits.

Here in Lancaster there are two of us who give our entire time to foreman training. We plan and write the material together. Every three weeks, one of us goes to each plant and serves as leader in an hour and a half conference.

Is that enough time?

So far, both the leaders and supervisors have found it to be sufficient. Perhaps it has proved to be enough because one of our training techniques increases the usefulness of those ninety minutes. For each conference we prepare a detailed outline of the subject to be discussed. These outlines, varying in size from six to ten or twelve pages, are sent to each supervisor in the plant about a week before the group is to meet. When he comes to the meeting, he is already familiar with the factual material that is to be the basis of the discussion and has had an opportunity to think about the questions that are matters of opinion. After all the plant groups have discussed the subject, we summarize the thinking of the Armstrong foremen as a whole and send a copy to each supervisor. Through the advance outlines we save the time normally consumed in presenting the subject, and the entire ninety minutes are available for discussion. Through the summaries, each supervisor has a written report not only of his own meeting, but of the thinking in all of the foreman groups.

That ought to lead to a more effective use of conference time and more lasting results. How do you relate the program to the thinking of the plant management?

Both in selecting subjects and in planning the material, we work closely with the production executives. We send them advance copies of the outlines and usually go over the subject with them just before leading the meeting. They are in a position both to give valuable comment and to indicate where the emphasis is needed in their particular plant.

What subjects have you considered so far?

After an organization meeting to discover the subjects in which the foremen were interested, we started with a conference on the history of the company and a review of industrial relations policies. Two meetings were given over to a consideration of the Armstrong foreman's responsibilities under present-day conditions. In three conferences we analyzed the Company's system of personnel records. That of each plant was somewhat different, but the groups developed a standard set of procedures and forms by combining the best points of all of them. One meeting was given to seniority problems, three to a detailed explanation of the various Armstrong security programs, one to grievances, and one to train-

ing new foremen. Does that give you an idea of the content?

It certainly does. I was especially interested in that program of training new foremen. What did you discuss in that conference?

Well, the continuous training program seemed to be working out satisfactorily and we recognized the need for initial supervisory training. We wanted to discuss it with the foremen before we went too far with our plans. Here, let me show you both the advance outline and the summaries of those sessions. That will help you to understand the continuous training and at the same time will give you a full explanation of the initial training program that has since been designed.

Here is the advance outline sent to each foreman:

Your Ideas Are Wanted

We want to get your ideas on the training course described in the following pages. The course is intended for newly appointed foremen and assistant foremen, who, in most cases, will have been promoted from group leader or hourly worker. You will be interested because you will be instrumental in the selection of those to be trained, and they will be working under you after their training is completed. You will be supplementing this training with training-on-the-job.

How Foremen Are Introduced to the Job

It is not general practice in industry to give a man special training at the time that he is appointed to the position of foreman. His training and instruction are given by his immediate supervisor, and may be supplemented by some sort of conference work. What training he receives, depends upon what his particular supervisor sees fit to give him. The biggest handicap to this method is that the process is often interrupted by the demands of production. We all know these demands have a habit of occurring frequently rather than infrequently, and as a result little organized time is left for training. Supervisors have done a good job within the limitations of time at their disposal, but it is believed that many problems can be eliminated if some organized method of supplementary training can be developed to aid them.

Armstrong Objective in Training New Foremen

The Company's objective is to install a standard course of training to be given to new foremen and assistant foremen shortly after they are appointed. This course should embody all the proved features used by supervisors at present. The responsibility of each supervisor for training his new foremen or assistant foremen will not be lessened; it will still be his. The new course is to be developed as an aid to him in his training responsibility.

The main purpose of the new training course will be to provide a definite method through which the new man may become better acquainted with the Armstrong Cork Company. He should learn something of its ideals and objectives, know some of the persons instrumental in its management and become familiar with certain policies and procedures. The result will enable him to make

proper decisions later. Instruction in the technical information relating to the job will not be a part of this course, but will be handled by the supervisor.

This objective can be achieved by the cooperation of all supervisors and department heads. They should play a definite part in the development and operation of the new course.

A Proposed Course

A proposed course is outlined in the following paragraphs for you to consider. As you read it, see if it covers all of the responsibilities of the foreman, if the right information will be given to aid him in meeting these responsibilities, and if the men whom you will send for training can readily grasp the information by the method that is set forth.

Men Will Go to Lancaster

Men selected for this training will be sent to Lancaster. They will meet individuals from other plants, and the size of the groups will be limited to approximately five. The course will be given in the late spring or early summer, when the Armstrong Manor will be available for housing.

Outlines to be Given

Each man will be given a general outline of the content of the course. He will then receive periodically throughout his stay, lists of questions and problems on specific information to be secured. For example, he will receive a list of questions and problems relating to standard costs. He will then, with aid from the Training Section and the Accounting Department, get the correct answers.

Answers to the questions and problems will be written by the men and will serve as the basis of discussion by the entire group under the direction of the Training Section. The assistance to be given the men in getting the correct information is described in the following paragraphs.

Written Material to be Provided

When the lists of questions are given out, each man will receive written material. This material will contain the basic information to be used in answering some of the questions. It will not be possible to copy the answers from this source, as some thought will be required to arrive at the solution. For example, the material will contain the Company policy on hours of work. One question may ask, "What effect does the Company policy relating to hours have on the employee?"

Content of the Written Material

The written material taken all together will be a "Management Manual." It will, however, be given out only a section at a time. Information to be contained in it is outlined as follows:

1. Company History and Organization
2. Organization of the Plant Concerned
3. Company Policies and Procedures as They Relate to the Foreman's Job
 - A. Personnel
 - B. Quality Control
 - C. Scheduling
 - D. Budgets and Standard Costs

E. Engineering and Maintenance
F. Industrial Engineering

The material will be subdivided into sections, each on a phase of a particular subject, each of which will require from one to two hours of study. The men will retain all of the material that is issued to them, and it should serve as a handy reference manual.

Interviews with Home Office Personnel

In addition to studying written material on each subject, interviews with the personnel of the department concerned will be arranged. These will be informal talks with plenty of opportunity for each man to ask questions. For example, after material on the Schedule Department has been studied, the men will go to the Schedule Department, where they can see how the work is being done, and also have the opportunity of meeting those persons about whom they will hear when they are on the job, and be able to ask them questions about the work.

Discussion Periods

Following the study of each section of the material, the interviews with the department, and the writing of the questions, the group will have the opportunity of discussing any remaining questions and of summarizing the information obtained.

Interviews with Sales Executives and Officers

Each man will have the opportunity of meeting the division manager or managers of the divisions with which he is particularly concerned. The purpose of these meetings is to give him some knowledge of the sale of the products that he is producing. Interviews will also be included with similar representatives of the Advertising Department. Additional interviews will be arranged for all men with several officers of the Company and other executives.

Will Take Factory and Laboratory Trips

The men being trained will have trips scheduled for them in both of the Lancaster plants and in the Central Technical Laboratory. In the plants, they will not only observe manufacturing operations, but will see how these plants handle such matters as housekeeping, safety, and fire prevention. In the Laboratory, they will get a general picture of those activities and will also hear scheduled talks by members of the Laboratory staff.

Will Have Short Period of Observation

A short period of observation with an experienced foreman at one of the Lancaster plants will be arranged for each man. This is similar to the practice of having the cub salesman spend some time with the senior salesman to observe his methods and to get pointers. In our plan here, the new man can observe how the experienced foreman handles some of his supervisory duties and problems.

Additional Reading to be Recommended

Books and current magazines relating to the supervisor's job and those dealing with general questions of management will be recommended to the men to read. The purpose of this recommendation is to encourage reading after the course has been completed and to stimulate interest in the job through a broader viewpoint.

A Final Review

At the close of the program there will be a general review of the ground covered. The men will have the opportunity of clearing up any uncertain points in mind. They will not be expected to leave until all questions are thoroughly answered, and until each has a feeling that he knows the organization and has come to feel that he is a more definite part of it.

Outline for Discussion

1. What are the responsibilities of the new foreman?
2. What information should he have to carry out these responsibilities?
3. How should he be given this information?

The following is the summary of the thinking of all the supervisors in all the plants, that was sent to each foreman after all the groups had met.

General

This summary gives the reactions of the conference groups to the proposed plan of training new foremen and assistant foremen which had been presented. While space will not permit mention of all the ideas that were expressed, those that are most prevalent are indicated.

Responsibilities of the New Foreman and Assistant Foreman

The discussions indicated certain major responsibilities of the new foreman and assistant foreman. The groups feel that the responsibilities of both are practically identical, and may be listed as follows: Maintain the proper relationship with employees, protect the health and safety of employees, maintain quality standards, meet production schedules, exercise control of costs and see that equipment is properly maintained.

It is the opinion of all groups, that in order to carry out these responsibilities, the new foreman or assistant must have certain information. Items suggested by the groups are listed in the following paragraphs according to the respective responsibility.

A. Proper Relationship with Employees

The new foreman or assistant foreman to effectively carry out this responsibility should be informed upon the following points:

1. Company Policies

He should have a general background of and the reasons for such policies as hours of work, overtime, wages, seniority, and employee representation. Such a presentation should include interpretations of policies and a knowledge of how to meet some of the problems that may arise, and his responsibility in connection with them.

2. Company Programs

General information should be available on why we have programs such as retirement, group insurance and suggestion plans. Questions on these programs that may be raised by the new foreman's employees should be covered.

3. Labor Legislation

There should be a brief discussion of federal and state laws as they affect the foreman's relationship with his men.

4. Employment Changes

Consideration should be given to the factors present in the hiring, transfer and dismissal of employees, including how each change can be made most effectively.

5. Training

General information should be available on the best method of selecting and training "key" men.

6. Personnel Folders

There should be a general discussion of the principles of and the reasons for personnel folders, as developed by the conference groups in their discussions of this subject.

7. Rates and Incentives

The new foreman and assistant foreman should be familiar with the wage and incentive plans in effect, and be able to answer questions concerning them that they be raised by their employees. Stress should be given to their part in working with the industrial engineer in introducing new and changed rates. Information should include the principles of the job classification plan, how time studies are taken and the preparation necessary for such studies.

8. Treatment of Grievances

The conference groups believe that there should be a consideration of the causes of grievances and of the factors that should be considered in their settlement. Points such as the effect of an answer, arbitrary decisions, taking care of items that may cause grievances, putting yourself in the other fellow's place, etc., should be brought out in the discussion.

9. Handling Men

There should be sufficient discussion that will bring out some of the fundamentals in handling men, through the use of actual or fictitious cases. Some of the fundamentals that should be stressed are leading men, creating good will, knowing your men, attitude toward the employee's personal problems, issuing accurate instructions and their proper follow-up, tolerance, the avoidance of a "swelled head," keeping men in good spirits, the giving of information, and the differences between men and the problems that the new foreman and assistant foreman will encounter in dealing with their employees.

B. Health and Safety of Employees

It is the opinion of the conference groups that this subject should be treated in a general manner to bring out the importance of health and safety activities. The Company's attitude toward safety should be stressed, and consideration given to causes of accidents, and safety principles such as conditions of employment, wearing of goggles, proper care of equipment, proper instructions, selection of the man for the job, health hazards and reporting of accidents.

Several groups recommended that plant trips should be made to observe safety techniques for protecting employees. One suggestion was made that a

contest could be run for the men taking the course, the winner receiving a prize for the best suggestions to reduce accidents. Many groups feel that the new foreman and assistant foreman should be required to take a first aid course.

C. Maintain Quality Standards

The detailed information necessary for the new foreman or assistant foreman to have in order to carry out this responsibility must be given to him at his plant. It is thought, however, that there are general facts about quality and its control that should be given during the proposed course.

1. Importance of Quality

Each new foreman should have an appreciation of the tradition of quality in the Armstrong Cork Company, and how it has been a factor in the Company's growth. He should be familiar with the effect of quality control on sales, upon the efficiency of production, and upon profits. In this connection, the Sales Department should impress him with the need of quality control to help it meet competition, obtain repeat business, and to maintain good customer relations. Through this source, he can also learn more of the uses and applications of the products that he will be manufacturing, to give him a broader understanding of the need for quality control.

2. Specifications

Men taking this course should be familiar with the purpose of the various types of specifications and their responsibility in connection with them. They should be familiar with the procedure for changing specifications to improve quality and to reduce costs, the effect of material not made according to specifications, and how the use of specifications can aid the foreman.

3. Trips

The groups are of the opinion that in connection with the subject of quality, the men should have the opportunity to see the testing of raw and finished materials in the Central Technical Laboratory. This will serve to help them visualize the emphasis placed upon quality and, in addition, give them more information on the technical features of the materials with which they deal. Recommendations were also made that some time should be spent in the Inspection Department of the Floor Division to obtain an idea of its conception of quality standards, and for a trip to the Engineering Shops for a consideration of the care used in building and maintaining mechanical equipment.

4. How to Control Quality

Some opinion was expressed that time could be profitably spent in discussing the fundamentals that must be observed in controlling quality. This involves a consideration of such factors as placing the right man on the job, proper instructions, adequate follow-up of instructions, care of equipment, and other similar points.

D. Meet Production Schedules

With the exception of one conference group, it is recommended that scheduling should be covered from a very general point of view. The actual job of

meeting specific schedules is a matter upon which instruction must be given at the plant.

1. Purpose of Scheduling

Each man should thoroughly understand why it is necessary to have schedules, how they coordinate the efforts of the various departments, and why it is important that schedules be met. Their effect upon the customer and production should be pointed out.

2. Scheduling Production

A knowledge of all the factors that must be considered in setting a schedule and problems that are encountered would answer many questions of why schedules are changed. This consideration would bring in such points as the policy on inventory control, price changes, changes in equipment, general business conditions, and other factors considered in the establishment of schedules.

3. Illustration

Several groups recommend that an illustration be given of the establishment of a schedule for a specific item, and an explanation made why it was done in the way it appears.

4. How to Meet Schedules

While it is recognized that this is a difficult question to answer, much good can be gained from a discussion of what the foreman can do to meet schedules. Such a discussion would bring out his responsibility to cooperate with other departments, to plan his work, to exercise care in making promise dates and other fundamentals.

E. Exercise Control of Costs

The majority of the conference groups believe that great emphasis should be placed upon this part of the program. While each individual plant will necessarily be responsible for acquainting each new foreman and assistant foreman with the details in connection with his department, he should receive the background and principles of cost control during his course at Lancaster.

1. Standard Costs

An explanation should be given of the reason for the standard cost system, how standard costs are arrived at, meanings of the various terms used, the importance of meeting these standards, variance reports, and other similar points. The effect of cost control on the profit picture, cost reduction program, and the foreman's responsibility should be stressed. For several plants, it appears desirable to cover the procedure of estimating costs.

2. Budget Procedure

Each man should thoroughly understand why the Company operates under budgetary control and, in general, how the system works. There should be a simple explanation of terms used in connection with this procedure, how a departmental budget is established, how the foreman can use the budget as a means of controlling his indirect labor and items of expense, and a knowledge of the procedure for charging items against a budget. Some examples should be given of the costs of such items as air, gas, electricity, and water.

3. Industrial Engineering

There should be a realization of the functions of the Industrial Engineering Department, and how it can assist the foreman with budgets, standard costs, etc. He should also realize his responsibility in connection with this department.

F. Maintenance of Equipment

The conference groups are of the opinion that the greatest value to be derived from training to meet this responsibility is to create a realization of the importance of the problem rather than a knowledge of the details of handling it.

1. Importance of Maintenance

The problem of maintenance of equipment should be approached in the light of its effect upon quality, schedules, safety and company profits. While the foreman is not solely responsible for the entire function of maintenance, he is responsible for taking such action to insure that the work is done.

2. Preventing Excessive Maintenance

There should be a consideration of the general methods that the foreman should follow to prevent excessive maintenance costs. In this connection, such items as periodic inspection, taking care of items as they occur, preventive maintenance, proper instruction for the operator, and safety devices should be discussed.

3. Visit Engineering

A suggestion was made that each new foreman see his respective project engineer to get additional information on the equipment in his department. Also he should be given examples of the extra cost when maintenance is not done at the right time. With a view to giving a background in regard to new installations, some groups feel that a general description should be given of all the considerations that are made in an engineering project. A simple description of appropriation request procedure should be introduced at this point. The new foreman should also be familiar with the service that the Engineering Department has to offer him in connection with his responsibility for equipment.

General Information

Practically all of the conference groups feel that the history of the Company should be covered briefly. The points to be stressed would be those factors significant in the growth of the organization and some of the Armstrong ideals in business.

Each new foreman and assistant foreman should be familiar with the general company organization. One suggestion in this connection would lead to a discussion of his relationship with the organization of the sales division with which he is chiefly concerned. There is no agreement in opinion as to whether he should be given information on the plant organization of which he is a part, as many feel that this should be handled by the plant.

There is a decided opinion in the conference groups that it would be a great advantage for each new foreman and assistant foreman taking this course to spend a day for observation with an experienced foreman in one of the

Lancaster plants at the conclusion of the course. In many cases, this assignment can be the means of giving him a broader viewpoint of the product he is manufacturing or its allied products, as well as giving him additional knowledge on supervising a department. One group would give each man a day in which he could see specific items of interest to him and meet individuals who have dealings with him.

Method of Giving the Information

The method described in the outline of the proposed course for presenting this information is thought to be the best and most acceptable. This method, in brief, consists of reading, hearing a talk, discussion and writing notes on the subject covered.

Opinion is unanimous that all men taking this course should have the opportunity of meeting and hearing many officers of the Company to make them feel more a part of the organization and to enable them to better appreciate the Company ideals.

A Different Method

One conference group feels very strongly that the training of new foremen and assistant foremen can best be done at the plant. It advocates that the department concerned should give the new man all information relating to his department and then a series of plant conferences should be conducted to give him the background of policies and procedures of that plant. After this training is completed, the men would then be sent to Lancaster for a Home Office Visit.

Plant Training

Many recommendations were made by the conferences to the effect that the training given to new foremen and assistant foremen at the plant prior to their taking the course at Lancaster should be definitely organized. Time should be allowed for them to observe in allied departments and an opportunity should be given them to get a complete understanding of their plant organization. Each man should receive a definite understanding of his authority as a result of this course.

Does the foreman opinion often result in a change of plans or a redesigning of procedures?

You had one example right there. If you glance over the advance outline you will see that we had not been very definite about the organization of the plant training before the man came to Lancaster. In the summaries you will see that the foremen, in their discussions, stressed this point. As a result, in the final plans there is a clearly defined procedure for each step of the plant part of the initial training. The new man is released from any production responsibility and follows a definite schedule of interviews and departmental visits that give him a thorough understanding of his own plant's organization and operation before he comes to Lancaster.

You mentioned home office visits. Did you mean this initial training program?

No, that is the third part of the supervisory training that we used for the first time last year and plan to repeat again as soon as it seems to be appropriate. We brought all of the Armstrong foremen into Lancaster for a week's visit.

You took them off the job for a week! Did you close the plants?

No. Over a period of months we had twenty-five groups here that averaged about nineteen in size. Each group was made up of foremen from every plant. We paid all their expenses from the time they left their homes until they returned. Of course, they received their regular pay, too.

Before they came, we sent each supervisor a seventy-page loose leaf 4" by 7" booklet that gave the week's program in detail. Aside from the program itself, it contained directions for travel, forms for keeping track of traveling expenses, a pictorial map of Lancaster and a nine-page sketch of the history of Lancaster.

The balance of the booklet, some sixty pages, not only outlined the schedule but gave specific information designed to prepare the foreman to understand what he would see and hear. In connection with each department to be visited in plant trips, a brief explanation of each phase of the process was given and, for all the subjects treated, facts worth remembering were noted. Organization charts, maps of plants, statistical charts and machine diagrams were included as advance information and served to clarify the subject during the presentation and as reference material afterward. Blank pages were included for note-taking.

You certainly prepared for the visit and prepared the man for the visit.

We tried to, and one point in planning seemed especially impressive to the foremen. They all stayed during their visit at The Armstrong Manor, a country home on the outskirts of Lancaster that usually houses our sales trainees. On the invitation we sent to each supervisor was a floor plan of each story of The Manor. Check marks on the diagram showed the supervisor not only the room in which he would live, but also the bed in which he would sleep. They thought that was planning.

I do, too.

Well, we tried to make them know that they were important to us as individuals. We stamped each man's name into the leather cover of the advance booklet and in all the correspondence with him about the trip we tried to make him feel that we were arranging things for him.

It must have been difficult for the Personnel Department to spare so much time to leadership?

The leaders were not Personnel Department men. They were department, plant and company executives.

You mean busy executives gave up their time to talk with foremen?

The President of the Company had a specific assignment in the schedule and though in some cases it meant considerable rearrangement of his plans, he met all but one of the twenty-nine groups. In the one instance he was prevented by serious illness. His attitude was typical of all the executives. They met the groups in the Board of Directors' room and gave their uninterrupted time to explain and discuss every phase of their work.

Could you give me some idea of the type of subjects covered by the executives?

Perhaps the best way would be just to tell you about *The Leaders Digest*.

The Leaders Digest? What is it?

After the twenty-fifth group had completed its home office visit, there was a feeling that we should give each man some sort of a summary of all he had heard. Everyone in the Company became interested and someone had a brainwave. *The Reader's Digest* was asked for permission to use its format, which they very generously gave us. We followed the model exactly in size, cover design, type and page make-up.

On the cover, just as on *The Reader's Digest* cover, we carried a list of the titles of the articles included, which in our case was the summary of the ideas each man presented during the home office visits of the foremen. That list, with the organization title of each man who made the talk to the groups, will give you an idea both of the content of the talks and the source of leadership.

Precision Keynote in Closure Plant, General Superintendent, Closure Plant

Floor Leadership on Solid Basis, Vice President and General Manager, Floor Division

Now We're Packaging Headquarters, Vice President and General Manager, Glass and Closure Division

Armstrong Pays Big Freight Bill, Assistant Traffic Manager

Why Profits Are Necessary, First Vice President

Industrial Division Sells Service, Vice President and General Manager, Industrial Division

Developing Foreign Markets, Manager, Export Division

Foreign Operations Are Far-Flung, Vice President and Secretary

The Human Side of Our Business, Personnel Manager

Organized Research Gets Results, Director of Research

Floor Research Problem is Complex, Chief Chemist, Floor Division

Chemistry Uncorks Closure Clues, Chief Chemist, Glass and Closure Division

Keeping Abreast of Building Trends, Chief Chemist, Building Materials Division

Cork is Unique in Usefulness, Chief Chemist, Industrial Division

Laboratory Seeks New Shoe Products, Section Head, Shoe Products Section

Cork and Rubber Come Together, Section Head, Rubber Section

Most of Our Products Use Resins, Section Head, Resins Section

Keeping Records of Our Methods, Standards of Production Office

How the Organization Functions, Controller

Forecasting the Company's Business, Economist

Budgetary Control Assures Profit, Director of Budget

Developing Standard Costs, Assistant Controller

Scheduling Balances Inventories, Head of Production Planning Department

Treasurer Watches Cash Box, Treasurer

Centralized Buying Saves Money, Assistant General Purchasing Agent

Engineers Have Many Tasks, Chief Engineer

Building Materials Line is Broad, Vice President and General Manager, Building Materials Division

Advertising Rolls Up Its Sleeves, Advertising Manager

How We Sell Decorative Ideas, Interior Decorator

Secretary Makes 1030 Tax Reports, Assistant Secretary

Our Responsibility as Employees, Vice President in Charge of Manufacture

Supervisors Have Four-Fold Task, Production Manager

Keeping Tab with Machines, Supervisor, Payroll and Tabulating Department

Our Lawyers Travel Seven Roads, Chief of Legal Staff

We Give Credit Where It Is Due, Credit Manager

Three C's of Leadership, President

Reading The Digest must have made all the foremen think again about their visit in detail.

We think it did. I know that now, as I reread it, I can see each man as he was speaking and remember how he had me feel at the time. The article brings it all back clearly.

Then, too, *The Leaders Digest*, combined with the advance booklet and the notes each man made during the week, gave every supervisor the complete story for future reference. Although it was not the original intention, *The Digest* will serve as a training text in future training programs.

What was the foreman reaction?

Of course, they were very pleased with the week's visit. Anyone would be, I think. We asked them, as we always do in connection with all of our training procedures, to tell us what they thought about it. Here are some typical statements.

I got more in Lancaster than I ever expected to know about the Company in a life time.

I saw how we all seem to work together.

Many things were explained relating to production work which previously seemed screwy.

I was made to feel I was a member of the firm.

A person's accumulator was sure pumped to full capacity by this visit. It gives a fellow a chance to see that his worries are only small ones after all.

I found out this company has very good men for all high positions.

I picked up quite a few ideas about safety and fire prevention.

I got a better picture of the relations of various departments.

I saw the necessity of office units in connection with production operation.

I got the other side of the picture. I also understand the why and wherefore of the reasons for my job, extra reports, etc. and just what this company is trying to do.

Do you ask the foreman to evaluate your continuous training program?

Each year, all of our supervisors give us their opinion of the material, the techniques of presentation and method of training. We give them a multiple choice form to help in focussing their thinking, but we also ask them to tell us any points the questions do not cover. Their reactions are, of course, invaluable and on them we base our planning for the next year. In this way the foremen guide us both in the selection of subjects and in redesigning our training methods.

For example, after the home office visits, the foremen felt they would like to be kept in touch with current company-wide developments and with current executive thinking. As a result, we now send out each month to each supervisor five or six pages of "Management Notes for Armstrong Supervisors." They report the Company's plans and progress, reflect nation-wide business conditions and keep the supervisors informed of national and world events that affect Armstrong. Informal in style,

they offer the foreman an opportunity to keep in touch with executive thinking.

I see what you meant when you said that you are trying to develop your supervisors to be foremen of the plant and of the Company.

We try to make each foreman feel that he is both. As you have seen, the time of the initial training program is divided between the plant and Lancaster.

In the continuous training procedure, the local group discusses each subject in terms of its own operation and through the summaries becomes familiar with the thinking of all of the Company's supervisors. In the planning of the continuous training, we try to maintain the balance between the Company and plant viewpoints by letting our training leaders, who know all the groups, combine the thinking of all the plant executives and all the foremen.

Through bringing the supervisors to Lancaster for a week and giving them an opportunity to see all the operations and meet all the executives, through continuing that contact with Company thinking by monthly releases and by conferences under home office leadership, we try to make each man feel as much at home in the Company as he is in his plant.

The training programs serve as a means by which the best plant thought on any problem molds Company action in working out the solution. The thinking of Company executives and of all foremen is made known to all executives and all foremen. The mental horizons of each man are pushed back and plant foremen, in their daily work, think as Armstrong supervisors.

MARTIN S. FIRTH
Management Research Division

Chronology of Events Affecting Labor Relations March 11 to April 10, 1940

March

- 16 **Jurisdictional Settlement**—Conflict of jurisdiction between Amalgamated Clothing Workers (C.I.O.) and International Ladies' Garment Workers (Independent) that has continued over several months is settled peaceably by leaders of the two unions. These unions are among the strongest in the organized labor field.
- 19 **Building Wage Scale Cut in Prospect**—Reduction of union wage scales in building trades in New York City from \$11-\$14 a day to a possible \$9-\$10 a day considered probable as a result of conferences in progress. Such a move initiated by the unions is unprecedented. Purpose stated to be desire to stimulate construction of one- and two-family houses.

- 21 **Committee of N.L.R.B. Employees Criticizes Board Methods**—Smith Committee releases conclusions of a special committee of four N.L.R.B. Regional Directors appointed to study the Board's administrative methods. Report of committee submitted last October had been pigeonholed by Board over protests of member W. W. Leiserson. Report recommended changes in operating methods and procedure, particularly with regard to over-centralization and lack of coordination.
- 23 **Minimum Wage for Shoe Industry Set**—Wage-Hour Administration establishes a flat 35-cent minimum wage for the shoe industry, effective April 29. It is estimated that wages of 60,000 workers will be raised.

(Continued on page 51)

A Glance at Labor Statistics

Average hourly earnings of all wage earners in 25 manufacturing industries rose very slightly, from 72.7¢ in January to 72.8¢, in February. The corresponding figure for February, 1939 was 71.3¢.

Average weekly earnings of all wage earners in 25 manufacturing industries declined from \$28.09 in January to \$27.61 in February. In February, 1939 the figure was \$26.11.

Employment fell off slightly from an index number of 96.3 in January to one of 96.0 in February. It was still well above the index of 84.6 in February, 1939.

Average hours of work per week showed an appreciable decline from 38.7 hours in January to 38.0 hours in February. Average hours worked per week in February, 1939 were 36.8.

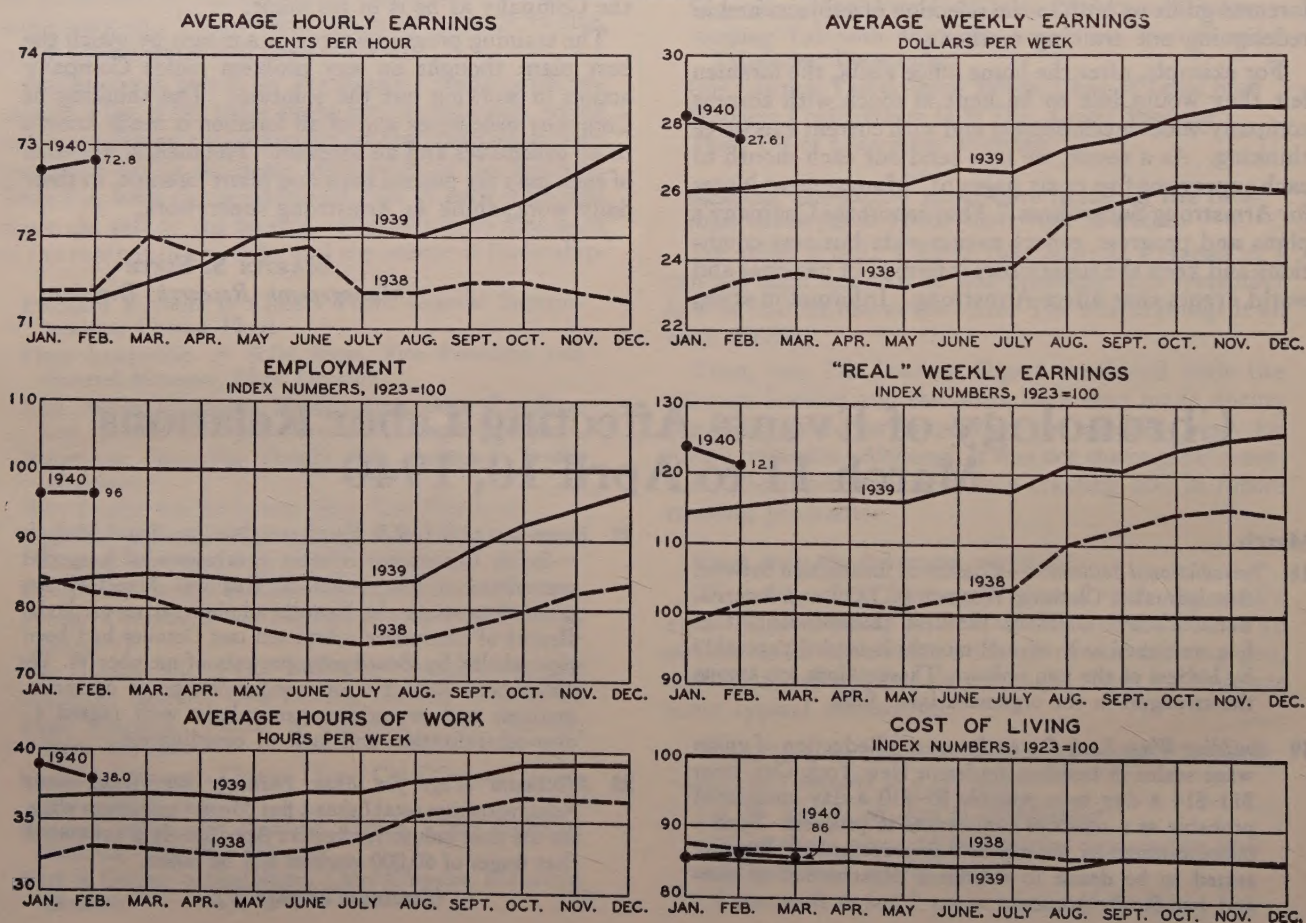
Real weekly wages, or the purchasing power of money wages, declined from 123.7 in January to 121.0 in February as a result of reduced weekly earnings and a rise in the cost of living. Real wages, however, are still well above the 115.3 level of February, 1939.

Unemployment again increased from January to February, according to estimates of THE CONFERENCE BOARD, to a figure of 9,436,000, an advance of 251,000.

The cost of living index for March was 85.5, a decline of 0.3% from 85.8 in February. The March figure of 85.5 is only a little higher than the March, 1939 index of 84.9. The purchasing value of the dollar on the basis of the cost of living increased from \$1.166 in February to \$1.170 in March, as compared with \$1.00 in 1923.

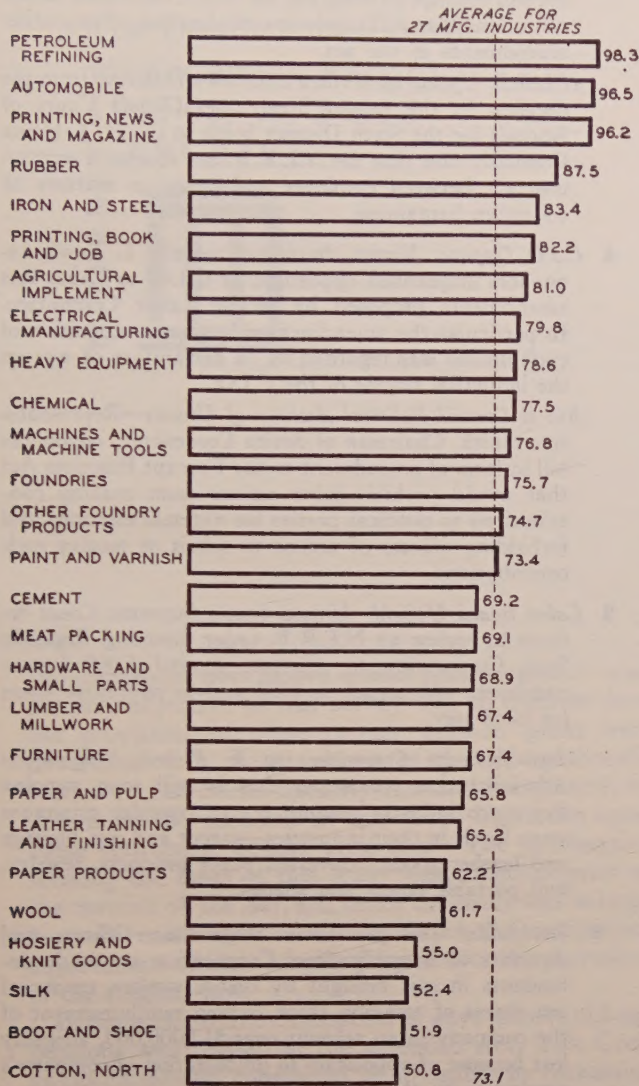
LABOR TRENDS IN 25 MANUFACTURING INDUSTRIES AND THE COST OF LIVING, 1938-1940

Source: THE CONFERENCE BOARD



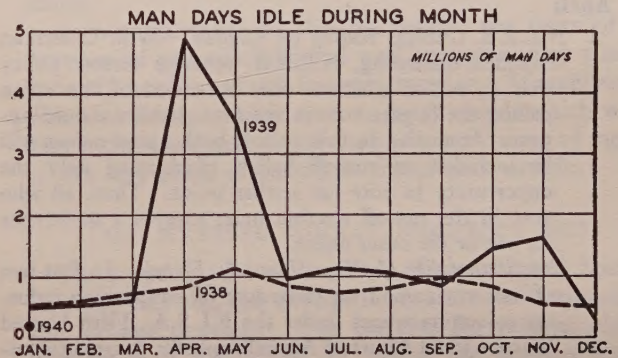
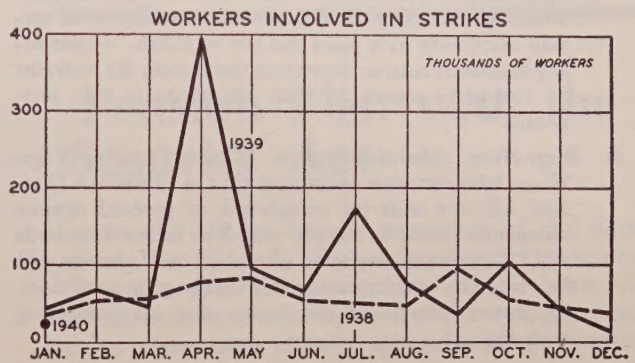
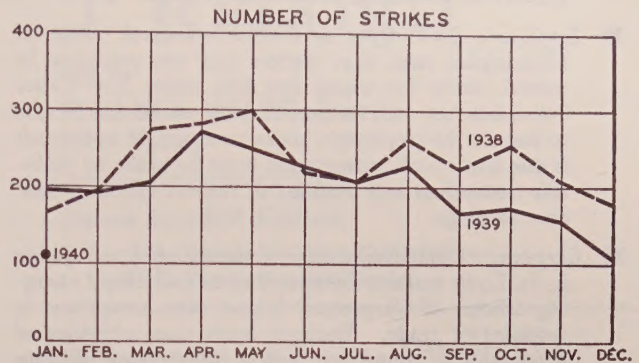
AVERAGE HOURLY EARNINGS IN CENTS 27 MANUFACTURING INDUSTRIES, FEBRUARY, 1940

Source: THE CONFERENCE BOARD



INDUSTRIAL DISPUTES, 1938, 1939, AND 1940

Source: U. S. Bureau of Labor Statistics



Chronology of Events (Continued from page 49)

26 Employment High Despite Recent Decline—Secretary of Labor reports that notwithstanding seasonal decline in non-agricultural employment of 50,000 from January 15 to February 15, such employment in February, 1940 was still higher by a million workers than in February, 1939.

Unions Subject to Anti-Trust Laws—Judge Gordon in District of Columbia Federal District Court denies organized labor contention by holding that labor unions do not enjoy blanket exemption from prosecution under anti-trust laws. His decision sustains indictment against a Washington local of the International Brotherhood of

Teamsters for practices that held up large government and private construction projects.

28 N.L.R.B. Upholds Discharge of Sit-Downers—Citing the Supreme Court decision in the case of Fansteel Metallurgical Corporation, N.L.R.B. upholds discharge by Swift and Company of 154 employees who refused to leave company plant when ordered to do so and refused to permit salvaging of slaughtered animals that had been left on the killing floor.

Nearly a Billion to Unemployed—Social Security Board announces that during last two years payments under

unemployment compensation system have totaled \$910,398,918. This covers payments in the 48 states, District of Columbia, Alaska and Hawaii.

- 29 *Employer's Books Open to Workers*—Federal judge in Philadelphia rules that worker may sue employer in federal courts for wages due him under Fair Labor Standards Act, and, further, that the worker has a right to inspect the employer's books to ascertain how much is due him. Such examination must be made by plaintiffs themselves and confined to records affecting their own earnings.
- 30 *Carpenter's Union Exonerated*—Federal district court judge in St. Louis sustains demurrers to an indictment charging officers of Carpenters' Union with conspiracy in restraint of trade. Decision holds that activities of defendants in connection with a jurisdictional dispute with the machinists' unions over the installation of certain machinery at a plant did not establish "a conspiracy to directly restrain interstate commerce; the restraint on commerce shown by such allegations is only incidental."
- 31 *Wage-Hour Administration to "Crack Down"*—Wage-Hour Administrator announces that in future the Division will not wait for complaints to proceed against companies failing to comply with Fair Labor Standards Act. Companies suspected of violations of the act will be visited by inspectors who will check up on conditions to protect competing companies that are complying with the act.

April

- 1 *N.L.R.B. Changes Ruling on Elections*—With Chairman Madden dissenting, N.L.R.B. reverses former policy that on run-off elections only the name of the union polling the largest vote in the first election should appear. According to new policy, both union names will be included on run-off ballot, eliminating only the opportunity to vote for neither union. Thus, all who vote in the run-off election must express a preference for one or the other union.

Constitutionality of Wage-Hour Act Upheld—In first test of industry committee procedure of establishing industry minimum wages under the F.L.S.A., Fifth United States Circuit Court of Appeals upholds constitutionality of Act and refuses to set aside an order fixing 32½ cents as the minimum hourly rate for the textile industry.

- 3 *Labor Committee Reports N.L.R.A. Recommendations*—House Labor Committee sends to House a bill providing for four amendments to the N.L.R.A.: (1) to increase size of Board by adding two new members; (2) to permit employer to petition for election when two unions are in dispute over the right to represent employees; (3) to require the Board to recognize a craft group as an appropriate bargaining unit when a majority in the group so

desire; and (4) to require the Board to accept an exclusive bargaining contract between employer and employees as effective for not less than one year. Committee will attempt to bring the bill before the House under conditions that will preclude consideration of any other amendments to the act.

N.L.R.B. Upheld on Written Contract—Differing from the decision in the Inland Steel case, Circuit Court of Appeals for the Sixth District holds in the H. J. Heinz Company case that the N.L.R.B. can compel a written contract between employer and union in matters of collective bargaining.

- 4 *C.I.O. Opposes Norton Amendments*—John L. Lewis announces unqualified opposition of C.I.O. to Labor Act amendments proposed by House Labor Committee. In particular the amendment relating to recognition of craft unions was regarded as "a declaration of war on the industrial unions of the C.I.O."

Bill to Curtail Political Activity of Unions—Representative Smith, Chairman of Smith Committee, introduces bill in form of amendment to the Corrupt Practices Act that would prohibit labor unions from making contributions to political parties for national elections and forbidding officers of unions to solicit or receive such contributions.

- 8 *Labor Board Upheld*—United States Supreme Court refuses to review an N.L.R.B. order directing Republic Steel Corporation to reinstate around 5,000 former employees who struck in 1937 and to reimburse them for back pay.

More Industry Committees to be Picked—Wage-Hour Administration announces that it will soon appoint five more industry committees to consider minimum wage levels in their industries—carpet and rug, luggage and leather goods, converted paper products, jewelry, and portable lamps and shades.

- 9 *Stockholder Sues for Labor Strife Loss*—Officers and directors of Republic Steel Corporation are made defendants in suit brought by textile worker, owner of ten shares of common stock, asking reimbursement of the company in an amount over \$12,000,000, allegedly lost because of opposition to unionization of company's employees by the C.I.O.

- 10 *N.L.R.B. Overruled on "Cease and Desist" Order*—Fourth Circuit Court of Appeals upholds Board finding that Hartsell Mills Company in North Carolina had refused to bargain collectively but modified order requiring company to post "cease and desist" order, saying: "We cannot believe that it was the intention of Congress to countenance an administrative order, the effect of which is to require from one who denies that he has violated the law a confession that he has violated it."